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My View: Private money could save public projects

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"California Dreamin' ," a hugely popular song from 1965 by the Mamas and the Papas, evoked hypnotic images of our golden state among America's youth. Aside from California's physical beauty and wonderful weather, our transportation, education and water systems were also world-renowned.

Now, after decades of bipartisan neglect, lack of political vision, failure to invest and 20 million more inhabitants, California's infrastructure has fallen into disrepair, stretching these systems to their breaking point.

In 2006, after a strong bipartisan legislative effort and urged on by the statewide campaigning of Gov. Arnold Schwarzenegger, voters approved more than \$40 billion in state bonds as a down payment on rebuilding this infrastructure. Still, virtually everyone, regardless of political stripe, recognizes that at least \$500 billion will be needed over the next 20 years to rebuild the California dream, this time with a greener, environmentally cleaner infrastructure.

How to pay for this investment in our future is one of the critical questions being discussed in our state Capitol. Debate in Sacramento, often interesting and sometimes illuminating, approaches the surreal, having more of the disorienting quality of a hallucination than the inspirational quality of a political vision.

With a \$42 billion budget deficit, California is only weeks, perhaps days away from the uncharted waters of state bankruptcy. Massive tax increases and massive program cuts will have to be made just to keep treading water.

Our state credit rating is the nation's worst and, even offering high interest rates, we haven't sold a bond in the bond market since July. We're running out of cash.

Under these circumstances, all of our elected officials should welcome any idea that will provide more revenue. Inviting investment of private capital in infrastructure development is exactly the kind of idea that should be debated in this crisis.

Known as public-private partnerships, countries around the world have built highways, tunnels, schools, bridges, water and transit projects, and other infrastructure using this innovative funding model. Dozens of states and municipal governments have employed this strategy to bring badly needed cash to fund desperately needed projects and the jobs and services that go along with them.

State Route 125, one of the few new highways in California, was built using this public-private model. This 9.5-mile stretch of highway in eastern San Diego County was originally planned for the state highway system before the Mamas and the Papas became world famous in 1965, close to 50 years ago. Dropped from the state plan in the 1980s because of lack of funding, it was rescheduled for state funding to begin in 2020, more than a decade from now.

Today SR 125 carries 30,000 vehicles a day, expanding transportation capacity and relieving traffic congestion in

the region. It features an award-winning bridge design that used innovative construction techniques yet to be utilized by state designers. It was built and will be operated and maintained privately for 35 years, then turned over to the state. The cost to the state was exactly zero.

Is it free? Of course not; it's user-funded. During the 35-year franchise period, the latest in high-tech electronic tolling will provide revenues. Enough to pay for the project with a reasonable return to the investors? In the case of SR 125 that's a risk the private-sector financiers were willing to take. If it fails to meet financial expectations, the private sector will bear the costs. If it fails to meet the service standards provided in the contracts, penalties will be applied and the private sector investors will bear the costs.

Public-private partnerships are not a panacea, and not all projects will fit the model. Larger, more complex projects, like the proposed five-mile tunnel needed to complete the 710 Freeway in Southern California are more likely candidates. They tend to attract major investors and large construction firms with the expertise to plan, construct, operate and maintain large scale projects.

Public-private partnerships are not a substitute for traditional government investment. They are a tool that shouldn't be rejected simply because private investors may make a profit. When used appropriately, they will bring additional revenue, innovation and timely, efficient project delivery of our infrastructure needs.

It's no longer enough to simply assert that government can build infrastructure more efficiently than the private sector. Project after project throughout the world and in many other states in America, and SR 125 right here in California, prove otherwise.

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